UNDERSTANDING JAPAN'S RELATIONS IN NORTHEAST ASIA

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Mr. Chairman, I want to thank the Committee for inviting me to testify on this important subject and to take this opportunity to thank you for your many years of distinguished service to our country.

The Committee has asked me to address the tensions between Japan and China and Japan and the Republic of Korea and to assess whether these tensions cast doubt on Japan's reliability as an ally or our own ability to maintain peace and stability in the Asia-Pacific region.

Japan as a Reliable Ally and Stakeholder

Let me first address the question of Japan's international role, because I think it is important to note at the outset that the United States and the world are increasingly coming to rely on an active Japanese role in the maintenance of international peace, stability and development. After the United States, Japan is the second largest provider of funds to the United Nations, the International Monetary Fund and official overseas development assistance. Japan is a crucial partner in the war on terror, having provided steady naval support and reconstruction funding for operations in Afghanistan. Japan's Self Defense Forces have been on the ground in Iraq doing reconstruction work and the Japanese government was one of the first to pledge significant financial support to Iraq; a pledge of $500 billion that prompted other governments in the Gulf to follow suit. Japan has lost a senior and distinguished diplomat in Iraq, but has remained steadfast in helping the new Iraqi government get on its feet.

In Asia Japan is the leading provider of development assistance, both grants and loans, and Japan spends almost $5 billion per year to host U.S. forces that provide stability to the region and an indispensable strategic asset to protect U.S. interests. As the region explores some form of integration or "East Asian Community," Japan has emerged as the main champion of a new regional order based on inclusion of the United States and promotion of democracy and the rule of law. This has brought Japan into competition with China and other nations that prefer an Asian order that limits the influence of the United States and protects member states from interference in their "internal affairs" on issues such as human rights or protection of intellectual property. As this debate has grown, Japan has found common cause with other democracies in

the region and has significantly expanded strategic dialogue and cooperation with India and Australia, in particular. Indeed, the Australian government is reportedly exploring a formal security pact with Japan and a series of new regional initiatives are expected when Indian Prime Minister Manmohan Singh visits Tokyo at the end of this year.

In travels throughout Europe and South Asia I have seen first hand the benefit of an active Japanese international role. In Kuwait in 2004 I chanced to meet a platoon of Ground Self Defense Forces just back from a deployment in Samwah, Iraq. They were tired, dirty and covered with desert dust – but they were clearly proud of their mission to help develop water purification plants for local Iraqis. In a remote part of the Pakistan near the Kyhber pass in September last year I visited the first and only modern school building established as an alternative to the dozens of Madrassas that often radicalize young Pakistani men. Hanging above this new school building was a crudely drawn but large Japanese flag with the words "Thank you Japan." It turns out that the school was built by a joint USAID-Japanese initiative under the U.S.-Japan Strategic Development Initiative. I learned from our USAID director that Japan has committed to help build many more such schools along Pakistan's border with Afghanistan.

It is because of this record of contribution to international peace and stability that in polls today 91% of American "opinion leaders" and 69% of the general public consider Japan to be a reliable ally (in the same Foreign Ministry poll 96% of opinion leaders and 78% of the general public in the United States said that Japan shares our common values – a higher number than Great Britain received). Japan's image is also positive on the international level. The BBC released a poll in March of this year in which majorities in 31 of 33 countries around the world credited Japan with contributing positively to the international community. That was more recognition than any other country in the world received, including the United States, Great Britain, China and the Nordic countries. Only two countries had majorities that responded negatively about Japan's role in the world. Not surprisingly, those were China (71% negative view) and the Republic of Korea (54% negative view). The BBC poll did not cover Southeast Asia extensively, but a Gallup/Yomiuri/Hankook Ilbo poll released on September 4 demonstrated that more than 90% of people in Southeast Asian nations felt that their countries had a good relationship with Japan and between 70 and 90% said that Japan is a trustworthy nation.

Far from being isolated, Japan probably has broad respect and support in the world today than at any point in its history. Nevertheless, there is a clear problem between Japan and China and Japan and Korea and that is the crux of the Committee's concern today. I think the two bilateral relationships are different in character and I would like to examine them each in turn and then return to the question of what role the United States might play to enhance stability among the major states of Northeast Asia.

Japan's Relations with China

As the BBC poll suggests, tensions between Japan and China are deeper and likely to be more enduring than those between Japan and Korea. The focus of the U.S. media has been on the controversial visits of Prime Minister Junichiro Koizumi to the Yasukuni Shrine memorializing Japan's war dead, but that is as much symptom as cause. To understand the real source of tensions between Japan and China, it is necessary to look first at the structural factors. Simply

put, Japan and China are being forced to adjust to comparable levels of national power for the first time since China was defeated by a rising Japan in 1895. Neither Tokyo nor Beijing anticipated such a situation. Throughout the post-war period, Japanese leaders assumed that engagement with the Peoples Republic of China would lead to economic convergence between the two nations with Japan as the "head flying geese" because of its more advanced economy. Chinese leaders, in contrast, assumed that Japan would remain focused on economic activities and not become a rival for strategic influence. Over the past decade, each nation has come to realize that their expectations of the other were wrong and that the levers they had hoped would allow them to shape the others' behavior (economic aid for Japan and the history card for China) no longer suffice.

The resulting rivalry has been manifest in a number of areas. Last year China actively worked to organize opposition to Japan's bid for a permanent UN Security Council seat. China has opposed Japanese participation in U.S.-led multilateral discussions on Iran and has tried to marginalize Japan's influence in the Six Party Talks on North Korea. Chinese surface combatants and submarines have expanded their operations in waters claimed by Japan. In response, Japan's Defense Agency has begun shifting its air and naval forces to the southern islands near Taiwan and the Japan Defense Agency has begun highlighting the uncertainties caused by China's non-transparent defense build-up.

It is in the context of this shifting strategic game that the tensions over history must be understood. Koizumi is not the first Japanese Prime Minister to visit Yasukuni; indeed, most post-war Prime Ministers went before him. And far from promoting an anti-China foreign policy, Koizumi has expressed an almost sunny optimism about the long-term future of the Japan-China relationship, disagreeing with those who would portray China's rise as a threat to Japan. He has also conveyed deep remorse and apology for Japan's historical transgressions on a number of occasions, including a 2001 statement at the Marco Polo bridge in China where the Sino-Japanese war began in 1937.

I believe Prime Minister Koizumi's insistence on worshiping at Yasukuni is based on his personal conviction that the relatives of millions of Japanese war dead deserve to have the Prime Minister honor their loss. But perhaps more important to Koizumi is his determination not to let China dictate the terms of how Japan recognizes its past. There is no question that Japan pays a diplomatic price for these shrine visits and public opinion in Japan is divided on whether the visits are worth that price or are even appropriate in the first place, but the issue cannot be explained with simplistic assertions that Koizumi is playing a nationalist card to gain popularity.

Similarly, arguments that Japan is forgetting its own history and somehow returning to prewar patterns of belligerence are also far off the mark. The Japanese live in a very dangerous neighborhood. North Korea has developed nuclear weapons and is expanding its arsenal of both bombs and missiles and China's military is operating ever closer to Japanese territory. Japan's main response has been to strengthen alliance ties with the United States, expand missile defense cooperation and urge the UN Security Council to put pressure on North Korea. Japan has not increased defense spending above 1% of GDP (and is unlikely to do so because of budget pressures) or begun work on new offensive weapons systems. Even proposals for Constitutional revision within the ruling Liberal Democratic Party retain the first clause of Article Nine

renouncing war. Japan is certainly more nationalistic than in the past, but what is most striking about Japan's new "realism" is how reluctant and restrained it has been. One need only ask how the American public would have reacted to Canada developing nuclear weapons and kidnapping U.S. citizens, while Mexico increased its military budget at close to 15% a year to realize that there is still a strong undertow of pacifism in Japan.

It is also important to remember that Japan and China have never had greater economic interdependence than they do today. For the last two years Japan has traded more with China than with the United States and there is no sign that Japanese companies intend to pull back from investing in China (though they are diversifying somewhat to India and Southeast Asia).

There is evidence that Chinese leaders recognize this economic interdependence and the risk to their own position of letting tensions with Japan over history go much further. Previous anti-Japanese student demonstrations in the 1980s quickly turned into anti-government demonstrations and while the Chinese leadership sees advantage in anti-Japanese patriotism, they also know the risks. Unlike his predecessor, Jiang Zemin, Chinese President Hu Jintao does not have a personal animosity towards the Japanese. Hu tried to find a way out of the impasse over history last year by declaring a readiness to meet with Koizumi if he would promise not to go back to Yasukuni. That failed, of course, because it looked like precisely the kind of dictation from Beijing on history that Koizumi and his government are determined to put in the past.

I have found over the past six months that counterparts in both China and Japan have essentially acknowledged their governments' tactical mishandling of the history issues without coming out and saying so explicitly. For example, Beijing has criticized Koizumi's most recent August visit to the shrine, but not tried to box in his expected successor, Shinzo Abe, with specific demands or conditions for summits. For his part, Abe has expressed a readiness to stabilize ties with China and Korea and the betting in Tokyo is that his first foreign visits will be to those countries, if he wins election as expected next week.

The underlying strategic factors that are driving Sino-Japanese rivalry are unlikely to disappear. A clean Franco-German style resolution of the history issue in the near-term is unlikely. Japan is not German and China is not France – a democracy integrated into a Europe whole and free. Chinese Premiere Zhou Enlai said in the 1970s that Sino-Japanese relations would not move beyond the damaging memories of the war for at least three generations, which still sounds about right. However, there is reason to expect that both Tokyo and Beijing will add more nuance and caution to their treatment of controversial historical and territorial issues over the coming months and that will contribute to a more stable equilibrium in their bilateral relationship.

Japan's Relations with the Republic of Korea

In contrast to Japan-China relations, the problems in Japan-Korea relations are more recent and not the result of a steady and predictable shift towards strategic rivalry over the past decade. Until recently, relations were on a positive track. In October 1998 former ROK President Kim Dae Jung and former Japanese Prime Minister Keizo Obuchi issued a joint statement in Tokyo in which Obuchi expressed deep remorse and apology for Japan's treatment of Korea and Kim welcomed Japan playing a larger role in Asian and international affairs. The Korean side ended

a ban on Japanese cultural products and negotiations began on a bilateral free trade agreement. Korean culture, and especially Korean daytime TV dramas, became hugely popular in Japan. The United States, Japan and the ROK also instituted regular trilateral defense meetings and the Trilateral Coordination and Oversight Group (TCOG) on North Korea.

These trends continued into the Koizumi-Roh Moo Hyun era without interruption, even after Koizumi began his annual trips to Yasukuni in 2001. However, the political relationship between Japan and Korea quickly deteriorated in March 2004 when Japan's Shimane Prefecture passed a local bill claiming the Liancourt Islands (Tokdo in Korean and Takeshima in Japanese) as Japanese territory. While few Japanese outside of Takeshima or the Foreign Ministry knew much about these islands, the challenge to Korean sovereignty conjured up memories of past Japanese transgressions and ignited public opinion in Korea. As the conservative Grand National Party pursued impeachment hearings against President Roh and the progressive camp counterattacked with National Assembly investigations of the conservatives' wartime collaboration with the Japanese, the history issue became even more volatile. The increasing divergence between Tokyo's hard line on the North Korean nuclear program and Seoul's efforts at expanded engagement with Pyongyang has also added to the negative dynamic.

As a result, Japan-Korea summits have been chilly or non-existent, the TCOG and U.S.-Japan-ROK defense trilaterals have stalled, the Japan-Korea FTA negotiations are at an impasse, and well-meaning officials in both Japan and the Republic of Korea appear uncertain regarding how they can put their bilateral relationship back on the positive track that lasted from 1998 until 2004.

There is no structural or geostrategic reason why Japan-Korea relations should continue to deteriorate. Both nations share common values as democracies and common interests in a strong U.S. presence in Asia and a denuclearized peninsula. Opinion polls published by the Korea Institute for Defense Analyses in March of this year indicate that many more Koreans view China as their long-term security challenge rather than Japan (38% said China versus 28% pointing to Japan). Despite the stalled negotiations on an FTA, Japanese and Korean steel companies are forming unprecedented alliances to deal with competition from China and the majority of business leaders in Seoul and Tokyo want and expect the negotiations to reopen at some point.

Nevertheless, the near-term effect of a breakdown in Japan-Korea strategic cooperation is worrisome because of the comfort it gives North Korea as Pyongyang works its way up the nuclear escalation ladder towards a possible nuclear test. Since the initiation of the TCOG in 1998, the evidence is strong that close U.S.-Japan-ROK coordination on North Korea spurs China to use its influence on Pyongyang and checks North Korean efforts to divide its neighbors. Moreover, in contrast to Tokyo and Beijing's carefully choreographed efforts to re-stabilize relations, there is no evidence that senior Japanese or Korean political leaders are trying to do the same for their bilateral ties. For these reasons, there is a greater urgency in the Japan-Korea case than with Japan-China relations, but also greater room for the United States to play a positive role.

THE UNITED STATES ROLE

What should the United States do? In the case of Japan-China relations I believe it would be tremendously counterproductive to attempt any official brokering between the two nations on sensitive history issues. Zhou Enlai was right to point out the futility of trying to force a conclusion to the historical animosity between Japan and China. The Chinese inability to come to terms with its own historical record under the Communist Party means that Beijing has little room to seek an enduring solution with Tokyo on the past. Given the Japanese peoples' resentment of other governments' telling them how to address the past, U.S. pressure would simply invite a backlash and make it harder for the Japanese to find a way to honor their war dead without damaging relations with neighbors. In fact, there is a healthy discussion now underway in Japan, including detailed exposes in the conservative *Yomiuri Shimbun* describing how Japan entered into the war with China. Had the United States tried intervening on this issue, we would have been the lead story and become an obstacle to serious a discussion within Japan.

Efforts in the U.S. courts and the Congress to force Japan to pay compensation for acts during the war have also been counterproductive. The unequivocal position of the administration and the courts that the 1951 San Francisco Peace Treaty settled all claims from the war is simply not going to change. Meanwhile, the threat of litigation stymies efforts by those in Japan at the high levels who do want to take more proactive measures to address continuing legacies of Japan's wartime record without putting themselves at risk of endless litigation.

Moreover, it would be a mistake for the United States to try to strike a balance between Japan and China. Many of the issues that are driving Sino-Japanese tensions are issues where we have a common stake with Japan, whether it is the PLA military build-up, the nature of Asia's future institutional architecture, or the North Korean nuclear problem. Not only *can* the United States pursue a strong alliance with Japan and good relations with China at the same time, the United States *needs* a strong alliance with Japan as the backdrop for building a more stable strategy of engagement with China.

What can be done? First, it is important for the United States to be clear with both Tokyo and Beijing that our interests are not served by tension between Japan and China. Second, the United States as a friend and ally can and should challenge the Japanese government to explain its strategy for improving relations with China without attempting to micromanage that relationship from Washington. Third, the United States can set the stage for cooperation between Japan and China on issues ranging from energy to the Six Party Talks. One good example is the newly inaugurated Asia Pacific Partnership on Clean Development and Climate that has brought together cabinet-level representatives from the United States, Japan, China, Australia, Korea and India to cooperate on development of clean, sustainable energy resources. Finally, scholars and legislatures can contribute to Chinese and Japanese dialogue on the range of issues that vex their relationship – speaking not for the U.S. government but as part of an open-ended discussion that is sometimes much more difficult for Chinese and Japanese scholars to manage on their own. Kurt Campbell and I have both participated in a number of such trilateral exercises outside of government and I think we both find them productive.

In terms of Japan-Korea relations, the United States can probably afford to be more proactive because both nations are allies that share our values and because the underlying strategic sources of tension are not as deep or enduring as they are between Japan and China. To begin with, the administration could do more to reinvigorate the TCOG process, which serves all three parties by bringing our North Korea strategies and tactics into closer alignment. The Department of Defense should parallel that effort by seeking Tokyo and Seoul's consent to return to regular defense trilateral meetings (this would also be a helpful deterrent signal to North Korea at a critical juncture). At all levels the administration should be encouraging Japanese and Korean counterparts to be more proactive in seeking win-win solutions to the territorial and other bilateral issues that challenge them, but without trying in any way to broker a solution to the territorial problems (the United States has wisely avoided that role around the world for years). Finally, think tanks and universities are far more invested in U.S.-Japan-China dialogue than U.S.-Japan-ROK projects and that should change. I would note that there is an ongoing trilateral legislative exchange that puts the U.S. Congress ahead of the academic community in fostering stronger ties between Japan and Korea.

The bottom line is that the United States should not panic about the political tensions among the major powers in Northeast Asia, just as we should not panic about discussions of an East Asia Community that would somehow brings them all together and exclude us. Asia today is a complicated mix of nationalism, pan-Asianism, economic interdependence and rivalry. But each decade more Asian powers are choosing the path of democracy, good governance and a commitment to improving all their peoples' welfare. With the exceptions of Burma and North Korea, the entire region continues to look to the United States to sustain these positive trends. This is precisely the time to stand strongly with allies like Japan that share our values and interests.